VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2011 AND 2010

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS
JUNE 30, 2011 AND 2010

FINANCIAL SECTION

Independent Auditors' Report	2
Management's Discussions and Analysis (Required Supplementary Information)	4
Basic Financial Statements - Primary Government	
Statements of Net Assets	12
Statements of Revenues, Expenses, and Changes in Net Assets	13
Statements of Cash Flows	14
Fiduciary Funds	
Statements of Net Assets	16
Statements of Changes in Net Assets	17
Notes to Financial Statements	18

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Other Postemployment Benefits (OPEB) Funding Progress	48

SUPPLEMENTARY INFORMATION

District Organization	50
Schedule of Expenditures of Federal Awards	51
Schedule of Expenditures of State Awards	54
Schedule of Workload Measures for State General Apportionment	55
Reconciliation of Annual Financial and Budget Report (CCFS-311) With Fund Financial Statements	56
Reconciliation of Governmental Funds to the Statement of Net Assets	57
Note to Supplementary Information	58

INDEPENDENT AUDITORS' REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*	61
Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	63
Report on State Compliance	65

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results	68
Financial Statement Findings and Recommendations	69
Federal Awards Findings and Questioned Costs	70
State Awards Findings and Questioned Costs	77
Summary Schedule of Prior Audit Findings	81

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Ventura County Community College District
Ventura, California

We have audited the accompanying basic financial statements of Ventura County Community College District (the District) as of and for the years ended June 30, 2011 and 2010, as listed in the Table of Contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Ventura County Community College District as of June 30, 2011 and 2010, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 14 to the financial statements, the State of California continues to suffer the effects of a recessionary economy, which directly impacts the funding formula of Ventura County Community College District.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11 and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 6, 2011

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Dr. James Meznek
Chancellor

USING THIS ANNUAL REPORT

The purpose of this annual report is to provide readers with information about the activities, programs, and financial condition of the Ventura County Community College District (the District) as of June 30, 2011. The report consists of three basic financial statements: the Statements of Net Assets, Statements of Revenues, Expenses, and Changes in Net Assets, and Statements of Cash Flows and provides information about the District's Primary Government and its Fiduciary Funds. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and No. 35, *Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities.* These statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The entity-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. The focus of the Statement of Net Assets is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Changes in Net Assets focuses on the costs of the District's operational activities with revenues and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

The California Community Colleges Systems Office has recommended that all State community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

FINANCIAL HIGHLIGHTS

- The District's primary funding source is based upon apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). During the 2010-2011 fiscal year, the reported FTES were 27,333 as compared to 29,218 in the 2009-2010 fiscal year. The fully funded cap for fiscal year 2010-2011 is 26,496 as compared to 25,841 for 2009-2010.

- The District is continuing several construction and modernization projects at our three college campuses resulting in completed building and improvements to sites of approximately $86.7 million in the 2010-2011 fiscal year. These projects are funded both through State construction revenues and through our voter approved general obligation bond.

- Costs for employee salaries decreased by 5.4 percent or $5.6 million in the 2010-2011 fiscal year and costs associated with employee benefits increased by .8 percent or $.3 million. This increase in the benefit costs has been due to the increase in health and medical rates.

- During the 2010-2011 fiscal year, the District provided almost $47.4 million in financial aid to students attending classes at the three colleges. This aid was provided in the form of grants, scholarships, loans, and tuition reductions funded through the Federal government, State Chancellor's Office, and local funding.

The District issued $85 million in general obligation bonds on August 12, 2002, with an additional $80 million on October 26, 2005, and $191.3 million on October 28, 2008, which represents the last issuance of the $356.3 million approved by the voters in the March 2002 local election for construction and renovation projects and equipment throughout the District. These projects were approved by the voters within the District's boundaries and will be completed over the coming three to five years.

THE DISTRICT AS A WHOLE

Net Assets

Table 1

(Amounts in thousands)

	2011	2010	2009
ASSETS			
Current Assets			
Cash and investments	$ 166,663	$ 225,591	$ 272,269
Accounts receivable (net)	26,611	22,054	30,403
Other current assets	2,008	2,254	2,598
Total Current Assets	195,282	249,899	305,270
Capital Assets (net)	513,242	463,995	401,214
Total Assets	$ 708,524	$ 713,894	$ 706,484
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	$ 32,658	$ 31,201	$ 31,424
Current portion of long-term obligations	3,289	2,789	2,666
Total Current Liabilities	35,947	33,990	34,090
Long-Term Obligations	322,367	328,991	326,208
Total Liabilities	358,314	362,981	360,298
NET ASSETS			
Invested in capital assets	192,343	145,020	83,478
Restricted	122,818	174,866	232,812
Unrestricted	35,049	31,027	29,896
Total Net Assets	350,210	350,913	346,186
Total Liabilities and Net Assets	$ 708,524	$ 713,894	$ 706,484

Cash and investments consist primarily of funds held in the Ventura County Treasury. The changes in our cash position are explained in the Statement of Cash Flows on pages 14 and 15.

Much of the unrestricted net assets have been designated by the Board or by contracts for such purposes as our required general reserve for ongoing financial health, commitments on contracts, and bookstore and cafeteria reserves.

Operating Results for the Year

The results of this year's operations for the District as a whole are reported in the Statement of Revenues, Expenses, and Changes in Net Assets on page 13.

Table 2

(Amounts in thousands)

	2011	2010	2009
Operating Revenues			
Tuition and fees	$ 17,011	$ 18,200	$ 16,069
Auxiliary sales and charges/Other operating	10,479	11,863	12,989
Total Operating Revenues	27,490	30,063	29,058
Operating Expenses			
Salaries and benefits	135,605	140,835	143,971
Supplies and maintenance	34,942	32,494	31,960
Student financial aid	38,850	26,695	17,201
Depreciation	9,510	7,853	7,404
Total Operating Expenses	218,907	207,877	200,536
Loss on Operations	(191,417)	(177,814)	(171,478)
Nonoperating Revenues (Expenses)			
State apportionments	72,887	67,710	75,439
Property taxes	64,141	65,122	65,613
Grants and contracts	53,335	46,046	37,474
State revenues	5,463	4,181	4,177
Net interest expense	(15,296)	(12,439)	(5,908)
Other nonoperating revenues	7,054	5,074	6,746
Total Nonoperating Revenue	187,584	175,694	183,541
Other Revenues			
State and local capital income	3,130	6,846	10,997
Change in Net Assets	$ (703)	$ 4,726	$ 23,060

The District's primary revenue fund is the State apportionment calculation which is comprised of three sources of revenues: local property taxes, student enrollment fees, and State apportionment. We noted an increase in the property taxes levied and received from property within the county. We also noted an increase in State apportionment.

Auxiliary revenue consists of bookstore and cafeteria net revenues. The three college campuses each maintain their own bookstores and cafeterias to provide services to the students and faculty of the college. The operations are self-supporting and contribute to the student programs on each campus.

Grant and contract revenues relate primarily to student financial aid as well as to specific Federal and State grants received for programs serving the students and programs of the District. These grant and program revenues are restricted as to the allowable expenses related to the programs.

Interest income of $2.2 million was offset by interest expense of $17.5 million. The interest income is primarily the result of cash held in the Ventura County Treasury. Interest income is down approximately $2.7 million over the 2009-2010 fiscal year due to a decrease in the balance of cash held at the County Treasury and lower interest rate. Interest expense has increased approximately $.1 million due to more interest due, associated with our general obligation bonds.

Expenses are reported by their functional categories as follows:

Table 3

(Amounts in thousands)

	Salaries	Employee Benefits	Supplies and Materials	Student Financial Aid	Equipment and Repairs	Depreciation	Total
Academic support	$ 12,628	$ 4,151	$ 369	$ -	$ 30	$ -	$ 17,178
Administrative support	12,047	6,134	6,788	-	1,030	-	25,999
Ancillary and auxiliary	3,719	1,569	9,213	-	57	6	14,564
Community services	770	267	528	-	24	-	1,589
Instructional	51,964	16,781	2,054	-	1,323	-	72,122
Instructional support	1,949	783	448	-	145	-	3,325
Plant operations	4,819	2,760	5,291	-	1,481	-	14,351
Student aid	-	-	467	38,850	-	-	39,317
Student services	8,960	3,362	1,827	-	172	-	14,321
Postemployment benefits	-	2,942	-	-	-	-	2,942
Depreciation	-	-	-	-	-	9,504	9,504
Physical property	-	-	576	-	3,119	-	3,695
Total	$ 96,856	$38,749	$ 27,561	$ 38,850	$ 7,381	$ 9,510	$218,907

Changes in Cash Position

Table 4

(Amounts in thousands)

	2011	2010	2009
Cash Provided by (Used in)			
Operating activities	$ (186,826)	$ (167,297)	$ (161,589)
Noncapital financing activities	182,196	178,772	161,026
Capital financing activities	(57,018)	(63,444)	153,334
Investing activities	2,719	5,291	5,487
Net Increase (Decrease) in Cash	(58,929)	(46,678)	158,258
Cash, Beginning of Year	225,591	272,269	114,011
Cash, End of Year	$ 166,662	$ 225,591	$ 272,269

The Statement of Cash Flows on pages 14 and 15 provides information about our cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and its need for external financing. Our primary operating receipts are student tuition and fees and Federal, State, and local grants and contracts. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff.

While State apportionment revenues and property taxes are the primary source of noncapital related revenue, the GASB accounting standards require that this source of revenue is shown as nonoperating revenue as it comes from the general resources of the State and not from the primary users of the college's programs and services – our students. The District depends upon this funding to continue the current level of operations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had $513.2 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2010, our net capital assets were $464.0 million. The District is currently in the middle of a major capital improvement program with construction ongoing throughout the college campuses. These projects are primarily funded through our general obligation bonds. These projects are accounted for within our Construction in Progress account until the project is completed at which time the cost of the buildings and/or improvements will be brought in to the depreciable Buildings and Improvements category.

Capital projects are continuing through the 2011-2012 fiscal year and beyond with primary funding through our general obligation bond.

Table 5

(Amounts in millions)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and construction in progress	$ 278.0	$ 57.0	$ (86.7)	$ 248.3
Buildings and improvements	244.5	86.7	-	331.2
Equipment and vehicles	19.7	1.7	-	21.4
Subtotal	542.2	145.4	(86.7)	600.9
Accumulated depreciation	(78.2)	(9.5)	-	(87.7)
	$ 464.0	$ 135.9	$ (86.7)	$ 513.2

Obligations

At the end of the 2010-2011 fiscal year, the District had $320.2 million in general obligation bonds outstanding. These bonds are repaid annually in accordance with the obligation requirements through an increase in the assessed property taxes on property within the Ventura County Community College District boundaries. Other obligations for the District include a Note Payable to fund energy retrofitting projects.

In addition to the above obligations, the District is obligated to employees of the District for vacation, load banking, and postemployment benefits and lease purchase agreements for equipment.

Table 6

(Amounts in millions)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	$ 319.0	$ 2.6	$ (1.4)	$ 320.2
Notes payable	1.2	-	(0.5)	0.7
	320.2	2.6	(1.9)	320.9
Other liabilities	11.6	10.7	(17.5)	4.8
Total Long-Term Obligations	$ 331.8	$ 13.3	$ (19.4)	$ 325.7
Amount due within one year				$ 3.3

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The Board of Trustees adopted the final amendment to the budget for the 2010-2011 fiscal year on August 11, 2011.

Within the Unrestricted General Fund, operating costs have continually increased. The State Budget has not kept pace with the increased operating costs, primarily in health and welfare benefits, especially in regards to the need to recognize postretirement benefits.

ECONOMIC FACTORS AFFECTING THE FUTURE OF THE VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

The economic position of the District is closely tied to the State of California as State apportionments and property taxes allocated to the District represent approximately 95 percent of the total unrestricted sources of revenue received within the General Fund.

In fiscal year 2010-2011, the District served 27,333 FTES, of which approximately 800 were unfunded. Although the State has continued to constrain funded growth, the District has achieved efficiency factors that have allowed us to continue to serve more students with fewer dollars, some of which may not be sustainable. The District continues to emphasize enrollment management with the effect of reducing unfunded FTES while continuing to meet our primary mission.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Ventura County Community College District, 255 West Stanley Avenue, Suite 150, Ventura, CA 93001.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF NET ASSETS - PRIMARY GOVERNMENT
JUNE 30, 2011 AND 2010

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - unrestricted	$ 127,741	$ 165,504
Cash and cash equivalents - restricted	73,123	17,838
Investments - unrestricted	28,558,362	33,766,054
Investments - restricted	137,903,230	191,641,443
Accounts receivable, net	24,374,354	19,606,839
Student loans receivable, net	2,236,270	2,447,589
Prepaid expenses	313,188	265,452
Inventories	1,695,025	1,988,514
Total Current Assets	195,281,293	249,899,233
NONCURRENT ASSETS		
Nondepreciable capital assets	248,255,548	277,984,773
Capital assets, net of depreciation	264,986,843	186,010,356
Total Noncurrent Assets	513,242,391	463,995,129
TOTAL ASSETS	708,523,684	713,894,362
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	14,160,221	14,566,985
Accrued interest payable	6,143,251	6,163,367
Deferred revenue	12,351,819	10,467,252
Other current liabilities	3,000	3,355
Accrued compensated absences	823,131	839,939
Bonds and notes payable	2,457,495	1,941,248
Lease obligations	8,374	8,140
Total Current Liabilities	35,947,291	33,990,286
NONCURRENT LIABILITIES		
Accrued compensated absences payable	2,171,689	2,203,988
Bonds and notes payable	318,433,237	318,215,829
Lease obligations	-	8,374
Other long-term obligations	1,761,879	8,563,363
Total Noncurrent Liabilities	322,366,805	328,991,554
TOTAL LIABILITIES	358,314,096	362,981,840
NET ASSETS		
Invested in capital assets, net of related debt	192,343,285	145,020,162
Restricted for:		
Debt service	8,011,698	7,881,306
Capital projects	108,986,483	162,441,931
Educational programs	5,344,947	4,011,301
Other activities	474,217	531,099
Unrestricted	35,048,958	31,026,723
Total Net Assets	$ 350,209,588	$ 350,912,522

The accompanying notes are an integral part of these financial statements.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - PRIMARY GOVERNMENT FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
OPERATING REVENUES		
Student Tuition and Fees	$ 25,592,034	$ 26,378,403
Less: Scholarship discount and allowance	(8,580,702)	(8,178,701)
Net tuition and fees	17,011,332	18,199,702
Auxiliary Enterprise Sales and Charges		
Bookstore	8,432,282	9,804,888
Cafeteria	1,754,192	1,839,295
Other Operating Revenues	291,773	218,970
TOTAL OPERATING REVENUES	27,489,579	30,062,855
OPERATING EXPENSES		
Salaries	96,856,499	102,407,100
Employee benefits	38,748,679	38,427,982
Supplies, materials, and other operating expenses and services	27,561,508	30,605,253
Student financial aid	38,850,085	26,694,588
Equipment, maintenance, and repairs	7,380,543	1,889,265
Depreciation	9,509,852	7,852,674
TOTAL OPERATING EXPENSES	218,907,166	207,876,862
OPERATING LOSS	(191,417,587)	(177,814,007)
NONOPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	72,887,197	67,709,618
Local property taxes, levied for general purposes	47,979,140	49,902,088
Taxes levied for other specific purposes	16,161,819	15,220,105
Federal grants	43,193,698	35,261,995
State grants	10,141,866	10,783,722
State taxes and other revenues	5,462,545	4,181,505
Investment income	2,035,837	4,684,429
Interest expense on capital related debt	(17,473,454)	(17,365,222)
Investment income on capital asset-related debt, net	141,348	241,706
Transfer from fiduciary funds	1,143,401	123,184
Transfer to fiduciary funds	(415,442)	(354,604)
Other nonoperating revenue	6,326,332	5,305,666
TOTAL NONOPERATING REVENUES (EXPENSES)	187,584,287	175,694,192
INCOME BEFORE OTHER REVENUES	(3,833,300)	(2,119,815)
State revenues, capital	1,792,392	5,706,597
Local revenues, capital	1,337,974	1,139,576
TOTAL OTHER REVENUES	3,130,366	6,846,173
CHANGE IN NET ASSETS	(702,934)	4,726,358
NET ASSETS, BEGINNING OF YEAR	350,912,522	346,186,164
NET ASSETS, END OF YEAR	$ 350,209,588	$ 350,912,522

The accompanying notes are an integral part of these financial statements.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 18,122,708	$ 20,128,396
Payments to vendors for supplies and services	(34,012,861)	(33,812,291)
Payments to or on behalf of employees	(142,563,360)	(138,781,793)
Payments for scholarships and grants	(38,850,085)	(26,694,588)
Auxiliary enterprise sales and charges	10,478,247	11,863,153
Net Cash Flows From Operating Activities	(186,825,351)	(167,297,123)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	71,094,233	65,091,845
Grants and contracts	52,385,600	46,327,471
Property taxes - nondebt related	47,979,140	49,902,088
State taxes and other apportionments	4,578,170	12,377,051
Other nonoperating	6,158,960	5,073,522
Net Cash Flows From Noncapital Financing Activities	182,196,103	178,771,977
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(59,683,861)	(69,116,661)
State revenue - capital projects	1,792,392	5,706,597
Local revenue - capital projects	1,337,974	1,139,576
Property taxes - related to capital debt	16,161,819	15,220,105
Proceeds from capital debt	2,674,903	2,517,679
Principal paid on capital debt	(1,949,388)	(1,769,515)
Interest paid on capital debt	(17,493,570)	(17,383,181)
Interest received on capital asset-related debt	141,348	241,706
Net Cash Flows From Capital Financing Activities	(57,018,383)	(63,443,694)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	2,719,248	5,291,090
Net Cash Flows From Investing Activities	2,719,248	5,291,090
NET CHANGE IN CASH AND CASH EQUIVALENTS	(58,928,383)	(46,677,750)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	225,590,839	272,268,589
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 166,662,456	$ 225,590,839

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS - PRIMARY GOVERNMENT, CONTINUED
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (191,417,587)	$ (177,814,007)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:		
Depreciation expense	9,509,852	7,852,674
Changes in Assets and Liabilities:		
Receivables, net	211,319	1,347,433
Inventories	293,489	38,690
Prepaid expenses	(47,736)	305,692
Accounts payable and accrued liabilities	539,744	(1,036,765)
Accrued interest payable	(20,116)	(17,959)
Deferred revenue	956,275	(131,774)
OPEB obligation	(6,813,263)	2,441,631
Compensated absences/Load banking	(37,328)	(282,738)
Total Adjustments	4,592,236	10,516,884
Net Cash Used By Operating Activities	$ (186,825,351)	$ (167,297,123)
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash in banks	$ 200,864	$ 183,342
Cash in county treasury	166,461,592	225,407,497
Total Cash and Cash Equivalents	$ 166,662,456	$ 225,590,839
NONCASH TRANSACTIONS		
On behalf payments for benefits	$ 2,182,106	$ 2,284,787

The accompanying notes are an integral part of these financial statements.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF FIDUCIARY NET ASSETS
JUNE 30, 2011 AND 2010

	2011 Trust	2010 Trust
ASSETS		
Investments	$ 6,174,690	$ 6,712,498
Accounts receivable	9,026	39,373
Student loan receivable	251,423	276,202
Prepaid expenses	-	385
Total Assets	6,435,139	7,028,458
LIABILITIES		
Accounts payable	47,240	96,779
Deferred revenue	325,624	272,304
Total Liabilities	372,864	369,083
NET ASSETS		
Unreserved	6,062,275	6,659,375
Total Net Assets	$ 6,062,275	$ 6,659,375

The accompanying notes are an integral part of these financial statements.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011 Trust	2010 Trust
ADDITIONS		
Local revenues	$ 2,069,838	$ 2,478,971
Total Additions	2,069,838	2,478,971
DEDUCTIONS		
Academic salaries	1,783	4,681
Classified salaries	146,504	156,285
Employee benefits	8,621	11,591
Books and supplies	662,964	761,683
Services and operating expenditures	607,975	684,090
Capital outlay	165,019	137,332
Total Deductions	1,592,866	1,755,662
OTHER FINANCING SOURCES (USES)		
Operating transfers from primary government	415,442	354,604
Operating transfers to primary government	(1,143,401)	(123,184)
Other uses	(346,113)	(1,203,972)
Total Other Financing Sources (Uses)	(1,074,072)	(972,552)
Change in Net Assets	(597,100)	(249,243)
Net Assets - Beginning	6,659,375	6,908,618
Net Assets - Ending	$ 6,062,275	$ 6,659,375

The accompanying notes are an integral part of these financial statements.

NOTE 1 - ORGANIZATION

The Ventura County Community College District (the District) was established in 1962 as a political subdivision of the State of California and provides educational services to residents of Ventura County. The District operates under a locally elected five-member Board of Trustees form of government which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates three colleges located within Ventura County. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The District has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units.* This statement amends GASB Statement No. 14, *The Financial Reporting Entity,* to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, the District, and the following component unit.

The District, along with the Santa Paula Redevelopment Agency (the Agency) and the City of Santa Paula, formed the Santa Paula Redevelopment/Community College Joint Powers Improvement Authority (the Authority). The Authority was formed under an agreement dated November 2, 1992, under The Joint Powers Act. The purpose of the Authority is to carry out the intent of the agreement to finance Public Capital Improvements which benefit the District. The Authority is governed by a five-member commission. The commission is composed of three members appointed by the District and two members appointed by the Agency. The activity of the Authority is reported in the financial statements of the District using the blended presentation method and is included as part of the basic financial statements. Below is a breakout of the financial reporting activity of the Authority:

	2011
Revenues	
Distribution from Santa Paula Redevelopment Agency	$ 71,791
Interest	2,869
Total Revenues	74,660
Expenses	
Santa Paula Center Building Lease Payments	96,752
Net Change	(22,092)
Beginning Balance	268,847
Ending Balance	$ 246,755

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees and auxiliary activities through the bookstore and cafeteria.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent student (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

The accounting policies of the District conform to accounting principles generally accepted in the United State of America (US GAAP) as applicable to colleges and universities, as well as those prescribed by the California Community Colleges Chancellor's Office. The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected to apply FASB pronouncements after that date. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The budgetary and financial accounts of the District are maintained in accordance with the State Chancellor's Office's *Budget and Accounting Manual*.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussions and Analysis for State and Local Governments,* and GASB Statement No. 35, *Basic Financial Statements and Management's Discussions and Analysis for Public Colleges and Universities,* as amended by GASB Statements No. 37 and No. 38. The business-type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
  - Statement of Net Assets - Primary Government
  - Statement of Revenues, Expenses, and Changes in Net Assets - Primary Government
  - Statement of Cash Flows - Primary Government
  - Financial Statements for the Fiduciary Funds including:
    - Statement of Fiduciary Net Assets
    - Statement of Changes in Fiduciary Net Assets
- Notes to the Financial Statements

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the Statement of Cash Flows. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

Investments

Investments held at June 30, 2011 and 2010, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets represent investments required by debt covenants to be set aside by the District for the purpose of satisfying certain requirements of the bonded debt issuance.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectable accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $7,800,967 and $1,554,106 for the years ended June 30, 2011 and 2010, respectively.

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30, 2011.

Inventories

Inventories consist primarily of bookstore merchandise and cafeteria food and supplies held for resale to the students and faculty of the colleges. Inventories are stated at cost, utilizing the weighted average method. The cost is recorded as an expense as the inventory is consumed.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction-in-progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of $5,000. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at estimated fair market value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 20 years; and equipment and vehicles, 2 to 15 years.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the entity-wide financial statements.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The amounts have been recorded in the fund from which the employees, who have accumulated the leave, are paid. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Deferred revenues include (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

Noncurrent Liabilities

Noncurrent liabilities include bonds and notes payable, compensated absences, claims payable, capital lease obligations, and OPEB obligations with maturities greater than one year.

Net Assets

GASB Statements No. 34 and No. 35 report equity as "Net Assets" and represent the difference between assets and liabilities. Net assets are classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

Invested in Capital Assets, Net of Related Debt: Capital Assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted - Expendable: Net assets whose use by the District is subject to externally imposed constraints that can be fulfilled by actions of the District pursuant to those constraints or by the passage of time. Net assets may be restricted for capital projects, debt repayment, and/or educational programs. None of the District's restricted net assets have resulted from enabling legislation adopted by the District.

Unrestricted: Net assets that are not subject to externally imposed constraints. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements report $122,817,345 of restricted net assets.

State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Ventura bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

The voters of the District passed a General Obligation Bond in March 2002 for the acquisition, construction, and rehabilitation of facilities on the three community college campuses and the Camarillo site of District capital assets. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are billed and collected as noted above and remitted to the District when collected.

Scholarship Discounts and Allowances

Student tuition and fee revenue is reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf. To the extent that fee waivers and discounts have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Stafford Direct Loan programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations,* and the related *Compliance Supplement.* During the year ended June 30, 2011 and 2010, the District distributed $6,388,294 and $6,109,779, respectively, in direct lending through the U.S. Department of Education. These amounts for the Direct Loan programs were included as revenue and expenses within the accompanying financial statements during the year ending June 30, 2011. However, during the year ending June 30, 2010, the amounts were not included as revenues and expenses as the amounts were passed directly to qualifying students; however, the amounts for both years were included on the Schedule of Expenditures of Federal Awards.

On Behalf Payments

GASB Statement No. 24 requires direct on behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on behalf payments to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of all community colleges in California.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the Primary Government and Fiduciary Funds financial statements, respectively.

New Accounting Pronouncements

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined in paragraph 8a) for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting.

This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Early implementation is encouraged.

Comparative Financial Information

Comparative financial information for the prior year has been presented for additional analysis; certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedule below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Summary of Deposits and Investments

Deposits and investments as of June 30, 2011, consist of the following:

Primary government	$ 166,662,456
Fiduciary funds	6,174,690
Total Deposits and Investments	$ 172,837,146

Cash on hand and in banks	$ 175,864
Cash in revolving	25,000
Investments	172,636,282
Total Deposits and Investments	$ 172,837,146

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County investment pools.

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Fair Value	Maturity Date
County Pool	$ 173,245,138	353*

* Weighted average days to maturity.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County pool is not required to be rated. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Fair Value	Minimum Legal Rating	Rating June 30, 2011
County Pool	$ 173,245,138	N/A	AAAf

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2011, the District did not have any deposits exposed to custodial credit risk because all balances were insured by the Federal Deposit Insurance Corporation (FDIC).

NOTE 4 - ACCOUNTS RECEIVABLES

Accounts receivables for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

	Primary Government	
	2011	2010
Federal Government		
Categorical aid	$ 2,379,372	$ 2,204,041
State Government		
Apportionment	17,487,950	13,945,395
Categorical aid	221,695	268,361
Lottery	1,778,044	846,262
Mandated cost claims	6,326,968	-
State construction claims	49,761	97,168
Local Sources		
Interest	356,303	1,039,714
Ventura Foundation	242,702	144,224
RDA	674,199	-
Other local sources	1,184,328	1,061,674
Accounts receivable	30,701,322	19,606,839
Less reserve	(6,326,968)	-
Accounts receivable, net	$ 24,374,354	$ 19,606,839
Student loan receivables	$ 3,710,269	$ 4,001,695
Less reserve	(1,473,999)	(1,554,106)
Student loan receivables, net	$ 2,236,270	$ 2,447,589

	Fiduciary Funds	
	2011	2010
Local Sources		
Interest	$ 8,538	$ 14,605
Other local sources	488	24,768
Total	$ 9,026	$ 39,373
Student loan receivables	$ 251,423	$ 276,202

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2011, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	$ 120,475,827	$ -	$ -	$120,475,827
Construction in progress	157,508,946	57,018,268	86,747,493	127,779,721
Total Capital Assets Not Being Depreciated	277,984,773	57,018,268	86,747,493	248,255,548
Capital Assets Being Depreciated				
Buildings and improvements	199,444,521	78,541,445	-	277,985,966
Site improvements	45,084,504	8,206,048	-	53,290,552
Furniture and equipment	17,471,818	1,499,541	-	18,971,359
Vehicles	2,245,936	239,305	-	2,485,241
Total Capital Assets Being Depreciated	264,246,779	88,486,339	-	352,733,118
Total Capital Assets	542,231,552	145,504,607	86,747,493	600,988,666
Less Accumulated Depreciation				
Buildings and improvements	51,888,263	5,945,198	-	57,833,461
Site improvements	10,713,609	2,569,897	-	13,283,506
Furniture and equipment	13,724,952	869,536	-	14,594,488
Vehicles	1,909,599	125,221	-	2,034,820
Total Accumulated Depreciation	78,236,423	9,509,852	-	87,746,275
Net Capital Assets	$ 463,995,129	$135,994,755	$86,747,493	$513,242,391

Depreciation expense for the year was $9,509,852.

Capital asset activity for the District for the fiscal year ended June 30, 2010, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	$ 120,475,827	$ -	$ -	$ 120,475,827
Construction in progress	104,852,043	69,342,321	16,685,418	157,508,946
Total Capital Assets Not Being Depreciated	225,327,870	69,342,321	16,685,418	277,984,773
Capital Assets Being Depreciated				
Buildings and improvements	183,264,670	16,179,851	-	199,444,521
Site improvements	44,578,937	505,567	-	45,084,504
Furniture and equipment	16,274,352	1,204,415	6,949	17,471,818
Vehicles	2,158,871	87,065	-	2,245,936
Total Capital Assets Being Depreciated	246,276,830	17,976,898	6,949	264,246,779
Total Capital Assets	471,604,700	87,319,219	16,692,367	542,231,552
Less Accumulated Depreciation				
Buildings and improvements	47,383,512	4,504,751	-	51,888,263
Site improvements	8,548,033	2,165,576	-	10,713,609
Furniture and equipment	12,684,393	1,047,508	6,949	13,724,952
Vehicles	1,774,760	134,839	-	1,909,599
Total Accumulated Depreciation	70,390,698	7,852,674	6,949	78,236,423
Net Capital Assets	$ 401,214,002	$ 79,466,545	$ 16,685,418	$ 463,995,129

Depreciation expense for the year was $7,852,674.

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	Primary Government	
	2011	2010
Accrued payroll and benefits	$ 2,086,313	$ 2,193,904
Construction	7,532,930	8,459,677
Student liability	1,746,809	1,399,862
Federal categorical aid	988,922	268,260
Other	1,805,247	2,245,282
Total	$ 14,160,221	$ 14,566,985

	Fiduciary Funds	
	2011	2010
Student liability	$ 105	$ 59,424
Other	47,135	37,355
Total	$ 47,240	$ 96,779

NOTE 7 - DEFERRED REVENUE

Deferred revenue for the District consisted of the following:

	Primary Government	
	2011	2010
Federal categorical aid	$ 8,040	$ 5,426
FEMA	36,275	36,275
State categorical aid	1,836,800	1,783,196
Lottery	664,644	449,221
Apportionment	1,749,591	-
Schedule maintenance	255,682	1,030,161
Other State	125,839	136,246
Enrollment fees/student fees	7,301,556	6,401,499
Other local	373,392	625,228
Total	$ 12,351,819	$ 10,467,252

	Fiduciary Funds	
	2011	2010
Enrollment fees/student fees	$ 44,067	$ 34,362
Other local	281,557	237,942
Total	$ 325,624	$ 272,304

NOTE 8 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2011, there were no interfund receivable and payable balances between the government and the fiduciary funds.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2011 fiscal year, the amount transferred to the primary government from the fiduciary fund amounted to $1,143,401. The amount transferred to the fiduciary funds from the primary government was $415,442.

NOTE 9 - LONG-TERM OBLIGATIONS

Long-Term Obligations Summary

The changes in the District's long-term obligations during the 2011 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds, 2002 Series A	$ 61,500,000	$ -	$ 1,000,000	$ 60,500,000	$1,000,000
General obligation bonds, 2002 Series B	63,100,000	-	425,000	62,675,000	595,000
General obligation bonds, 2002 Series C	194,358,453	2,674,903	-	197,033,356	320,000
Notes payable	1,198,624	-	516,248	682,376	542,495
Total Bonds and Notes Payable	320,157,077	2,674,903	1,941,248	320,890,732	2,457,495
Other Liabilities					
Compensated absences	3,043,927	-	49,107	2,994,820	823,131
Load banking	1,008,059	11,779	-	1,019,838	-
Capital leases	16,514	-	8,140	8,374	8,374
Net OPEB obligation	7,555,304	10,679,700	17,492,963	742,041	-
Total Other Liabilities	11,623,804	10,691,479	17,550,210	4,765,073	831,505
Total Long-Term Obligations	$331,780,881	$ 13,366,382	$ 19,491,458	$325,655,805	$3,289,000

The changes in the District's long-term obligations during the 2010 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds, 2002 Series A	$ 62,500,000	$ -	$ 1,000,000	$ 61,500,000	$1,000,000
General obligation bonds, 2002 Series B	63,365,000	-	265,000	63,100,000	425,000
General obligation bonds, 2002 Series C	191,865,201	2,493,252	-	194,358,453	-
Notes payable	1,689,895	-	491,271	1,198,624	516,248
Total Bonds and Notes Payable	319,420,096	2,493,252	1,756,271	320,157,077	1,941,248
Other Liabilities					
Compensated absences	3,219,390	-	175,463	3,043,927	839,939
Load banking	1,115,334	-	107,275	1,008,059	-
Capital leases	5,331	24,427	13,244	16,514	8,140
Net OPEB obligation	5,113,673	9,616,272	7,174,641	7,555,304	-
Total Other Liabilities	9,453,728	9,640,699	7,470,623	11,623,804	848,079
Total Long-Term Obligations	$ 328,873,824	$12,133,951	$ 9,226,894	$ 331,780,881	$2,789,327

Description of Debt

Payments on the general obligation bonds are to be made by the Bond Interest and Redemption Fund with local tax collections. The notes payable obligation payments are made by the General Unrestricted Fund. The compensated absences, load banking, and net OPEB obligation will be paid by the fund for which the employee worked. Capital lease payments are made out of the General Unrestricted Fund.

General obligation bonds were approved by a local election in March 2002. The total amount approved by the voters was $356,347,814. At June 30, 2011, $356,347,814 had been issued and $320,208,356 was outstanding. Interest rates on the bonds range from 3.0 percent to 7.5 percent.

The notes payable were issued in 2001 in the amount of $4,248,885 to fund energy-retrofitting projects throughout the District. At June 30, 2011, $682,376 was outstanding. The note matures through September 2012 with an interest rate of 4.9 percent.

The District has utilized capital lease purchase agreements to purchase land, buildings, and equipment. The current lease purchase agreements will be paid through August 2011.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Series	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2010	Issued	Accreted Interest Addition	Redeemed	Bonds Outstanding June 30, 2011
8/12/2002	2002 A	8/1/2027	3.00 - 5.00%	$ 85,000,000	$ 61,500,000	$ -	$ -	$ 1,000,000	$ 60,500,000
10/26/2005	2002 B	8/1/2030	3.00 - 5.00%	80,000,000	63,100,000	-	-	425,000	62,675,000
10/28/2008	2002 C	8/1/2033	3.77 - 7.50%	191,347,814	194,358,453	-	2,674,903	-	197,033,356
					$ 318,958,453	$ -	$ 2,674,903	$ 1,425,000	$ 320,208,356

The general obligation bonds mature through 2028 as follows:

2002 Series A

Fiscal Year	Principal	Interest to Maturity	Total
2012	$ 1,000,000	$ 3,056,625	$ 4,056,625
2013	1,000,000	3,013,500	4,013,500
2014	2,600,000	2,923,500	5,523,500
2015	2,800,000	2,788,500	5,588,500
2016	2,900,000	2,646,000	5,546,000
2017-2021	17,500,000	10,780,000	28,280,000
2022-2026	22,100,000	5,599,250	27,699,250
2027-2028	10,600,000	540,000	11,140,000
Total	$ 60,500,000	$ 31,347,375	$ 91,847,375

The general obligation bonds mature through 2031 as follows:

2002 Series B

Fiscal Year	Principal	Interest to Maturity	Total
2012	$ 595,000	$ 3,026,275	$ 3,621,275
2013	780,000	3,000,725	3,780,725
2014	975,000	2,967,575	3,942,575
2015	1,185,000	2,924,375	4,109,375
2016	1,415,000	2,872,375	4,287,375
2017-2021	11,195,000	13,124,313	24,319,313
2022-2026	20,565,000	9,285,625	29,850,625
2027-2031	25,965,000	3,361,875	29,326,875
Total	$ 62,675,000	$ 40,563,138	$ 103,238,138

The general obligation bonds mature through 2034 as follows:

2002 Series C Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2012	$ 314,077	$ 5,923	$ 8,630,875	$ 8,950,875
2013	470,190	29,810	8,630,875	9,130,875
2014	628,138	71,862	8,630,875	9,330,875
2015	765,981	134,019	8,630,875	9,530,875
2016	787,469	192,531	8,630,875	9,610,875
2017-2021	9,188,464	6,206,536	43,154,375	58,549,375
2022-2026	14,814,779	22,930,221	43,154,375	80,899,375
2027-2031	58,944,258	31,780,742	40,699,313	131,424,313
2032-2034	111,120,000	-	9,569,450	120,689,450
Total	$ 197,033,356	$ 61,351,644	$ 179,731,888	$ 438,116,888

Notes Payable

The notes mature through 2013 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2012	$ 542,495	$ 24,004	$ 566,499
2013	139,881	1,744	141,625
Total	$ 682,376	$ 25,748	$ 708,124

Capital Leases

The District's liability on lease agreements with options to purchase is summarized below:

Balance, July 1, 2010	$ 17,230
Payments	8,615
Balance, June 30, 2011	$ 8,615

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2012	$ 8,615
Less: Amount Representing Interest	241
Present Value of Minimum Lease Payments	$ 8,374

Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2011, was $10,679,700, and contributions made by the District during the year were $17,492,963, which resulted in a decrease to the net OPEB obligation of $6,813,263. As of June 30, 2011, the net OPEB obligation was $742,041. See Note 10 for additional information regarding the OPEB obligation and the postemployment benefits plan.

NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS OBLIGATION

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District. The District has entered into an agreement with Benefit Trust Company to form the Futuris Public Entity Investment Trust to be used for the funding and payment of the District's obligations under the employee benefit plans that provide retiree health and other postemployment benefits.

Plan Description

The Ventura County Community College District Health Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the Ventura County Community College District. The Plan provides medical, dental, and vision insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 592 retirees and beneficiaries currently receiving benefits, 4 terminated Plan members entitled to but not receiving benefits, and 880 active Plan members.

Funding Policy

The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For the fiscal year 2010-2011, the District contributed $17,492,963 to the Plan of which $7,737,380 was used for current premiums, and $9,755,583 was contributed to an irrevocable trust.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the payments of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding costs) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	$ 10,679,700
Contributions made	(17,492,963)
Decrease in net OPEB obligation	(6,813,263)
Net OPEB obligation, beginning of year	7,555,304
Net OPEB obligation, end of year	$ 742,041

Trend Information

Trend information for the annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the past three years is as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2009	$ 9,616,272	$ 6,273,927	65%	$ 5,113,673
2010	9,616,272	7,174,641	75%	7,555,304
2011	10,679,700	17,492,963	164%	742,041

Funding Status and Funding Progress

Actuarial Accrued Liability (AAL)	$ 146,646,320
Actuarial Value of Plan Assets	9,755,583
Unfunded Actuarial Accrued Liability (UAAL)	$ 136,890,737
Funded Ratio (Actuarial Value of Plan Assets/AAL)	6.7%
Covered Payroll	$ 68,603,076
UAAL as Percentage of Covered Payroll	200%

The above noted actuarial accrued liability was based on the February 16, 2011, actuarial valuation. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations.

In the February 16, 2011, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a seven percent investment rate of return, based on the assumed long-term return on Plan assets or employer assets. The cost trend rate used for the Medical, Dental, and Vision Programs was four percent. The UAAL is being amortized at a level dollar method. The remaining amortization period is 26 years. The actuarial value of assets was not determined in this actuarial valuation. The actuarial value of assets was not determined in this actuarial valuation. At June 30, 2011, the irrevocable trust held assets in the amount of $9,755,583.

NOTE 11 - RISK MANAGEMENT

Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for property with coverages of $250,000,000, subject to various policy limits. The District also purchases commercial insurance for general liability claims with coverage up to $25,000,000 per occurrence, all subject to various deductibles. Employee health coverage benefits are covered by a commercial insurance policy purchased by the District. The District provides health insurance benefits to District employees, their families, and retired employees of the District.

Joint Powers Authority Risk Pools

During fiscal year ending June 30, 2011, the District contracted with the Statewide Association of Community Colleges Joint Powers Authority (JPA) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2011, the District participated in the JPA, an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to community college districts that can meet the JPA's selection criteria.

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

CalSTRS

Plan Description

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Funding Policy

Active members are required to contribute 8.0 percent of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2010-2011 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's total contributions to CalSTRS for the fiscal years ended June 30, 2011, 2010, and 2009, were $4,240,719, $4,451,283, and $4,570,546, respectively, and equal 100 percent of the required contributions for each year. The State of California may make additional direct payments for retirement benefits to the CalSTRS on behalf of all community colleges in the State.

CalPERS

Plan Description

The District contributes to the School Employer Pool under the CalPERS a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The District's contribution rate to CalPERS for fiscal year 2010-2011 was 10.707 percent of covered payroll. The District's contributions to CalPERS for fiscal years ending June 30, 2011, 2010, and 2009, were \$3,148,619, \$3,002,623, and \$2,954,351, respectively, and equaled 100 percent of the required contributions for each year.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal years ended June 30, 2011, 2010, and 2009, which amounted to \$2,182,106, \$2,284,787, and \$2,480,683, respectively, (4.267 percent) of salaries subject to CalSTRS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. This amount has been reflected in the financial statements as a component of nonoperating revenue and employee benefit expense.

Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all permanent District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or an unforeseeable emergency.

NOTE 13 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Statewide Association of Community Colleges Joint Powers Authority (JPA). The District pays annual premiums for its property liability health and worker's compensation coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes.

The JPA has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the JPA and the District are included in these statements. Audited financial statements are available from the entity.

The District's share of year-end assets, liabilities, or fund equity has not been calculated.

The District is also a member of the Santa Paula Redevelopment/Community College Joint Powers Improvement Authority (the Authority), a component unit of the District. (See Note 1)

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2011.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2011.

Construction Commitments

As of June 30, 2011, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECT	Remaining Construction Commitment	Expected Date of Completion
Moorpark College PE Renovation	$ 19,290	12/31/14
Moorpark College EATM Building	3,823,304	12/31/12
Moorpark College Academic Center	105,112	12/31/11
Moorpark College Health/Science Complex	608,035	12/31/11
Moorpark College Planning and Development	476,288	12/31/14
Moorpark College CW Planning and Development	1,528	12/31/14
Moorpark College Infrastructure	45,247	12/31/14
Moorpark College Data Switch Project	43,900	12/31/14
Moorpark College Piped Utility Systems	4,694	12/31/14
Moorpark College Parking Structure	607,216	12/31/14
Moorpark College Roofing Projects	361,565	12/31/11
Oxnard College Planning and Development Cost	554,390	12/31/14
Oxnard College CW Planning and Development Cost	1,551	12/31/14
Oxnard College PA/Classroom and Auditorium	101,894	12/31/11
Oxnard College Data Switch Project	19,083	03/31/14
Oxnard College INF Improvements Campus Site Finishes	7,446	12/31/14
Oxnard College Dental Hygiene Expansion and Renovation	592,811	12/31/14
Oxnard College Fire and Sheriff Academy	241,521	12/31/11
Oxnard College Learning Resources Center	4,470,721	12/31/13
Oxnard College Learning Resources Center Renovation	362,280	12/31/13
Ventura College Secondary and Tertiary	1,157	12/31/11
Ventura College Electrical Systems Upgrade	3,425	12/31/14
Ventura College Modernization	410,554	12/31/12
Ventura College Swimming Pool Demolition	71,974	12/31/11
Ventura College Renovate Athletic Facilities	35,402	12/31/11
Ventura College GP and High Tech Project	2,141,866	12/31/11
Ventura College Planning and Development Cost	480,908	12/31/14
Ventura College CW Planning and Development Cost	4,303	12/31/14
Ventura College Renovate Theater Building	5,639,084	12/31/12
Ventura College Telephone Data Switch	1,717	12/31/14
Ventura College Maintenance Projects	14,459	12/31/11
Ventura College Fire and Sheriff Academy	617,054	12/31/11
Ventura College Applied Science Building	778,938	12/31/14
Ventura College Maintenance and Operations Renovation	196,808	12/31/13
Ventura College Studio Arts Building	196,889	12/31/14
Fire/Sheriff Planning and Development Cost	30,737	12/31/11
Fire/Sheriff Data Switch Project	572	12/31/11
Fire/Sheriff Academy	1,031,356	12/31/11
	$ 24,105,079	

The projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

Deferral of State Apportionments

As a result of the State of California economy, certain apportionments owed to the District for funding of FTES and construction reimbursements which are attributable to the 2010-2011 fiscal year have been deferred to the 2011-2012 fiscal year. The total amount of funding deferred into the 2011-2012 fiscal year was $17,487,950. These deferrals of apportionment are considered permanent with future funding also being subject to deferral into future years. As of the audit report date, the District had received all of the deferrals owed to them by the State.

Fiscal Issues Relating to State-Wide Funding Reductions

The State of California economy is continuing through a recessionary economy. The California Community College system is reliant on the State of California to appropriate the funding necessary to provide for the educational services and student support programs that are mandated for the colleges. Current year appropriations have now been deferred to a subsequent period, creating significant cash flow management issues for California community colleges in addition to requiring substantial budget reductions.

The District has implemented budgetary reductions to counter the reductions in apportionment and program funding. However, continued reductions and deferral of cash payments will ultimately impact the District's ability to meet the goals for educational services.

NOTE 15 - SUBSEQUENT EVENTS

In July 2011, the District issued $49,905,000 of General Obligation Refunding Bonds. The Bonds were issued to advance refund a portion of the District's outstanding Election of 2002 General Obligation Bonds, Series A, and to pay the costs associated with the issuance of the Bonds. The Bonds mature on August 1, 2027, with interest rates ranging from 2.50 percent to 5.00 percent.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
March 21, 2007	$ -	$150,053,533	$150,053,533	$ -	$69,400,065	216%
April 9, 2009	-	173,733,730	173,733,730	-	59,630,560	291%
February 16, 2011	9,755,583	146,646,320	136,890,737	6.7%	68,603,076	200%

SUPPLEMENTARY INFORMATION

DISTRICT ORGANIZATION
JUNE 30, 2011

The Ventura County Community College District was established in 1962 and is comprised of an area of approximately 882 square miles located in Ventura County. There were no changes in the boundaries of the District during the current year. The District's colleges are accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Mr. Stephen P. Blum	Chair	2014
Mr. Arturo D. Hernández	Vice Chair	2014
Ms. Dianne B. McKay	Member	2014
Dr. Larry O. Miller	Member	2012
Mr. Bernardo Perez	Member	2012

ADMINISTRATION

Dr. James M. Meznek	Chancellor
Ms. Susan F. Johnson	Vice Chancellor, Business and Administrative Services
Ms. Patricia S. Parham	Vice Chancellor, Human Resources
Mr. Dave Fuhrmann	Associate Vice Chancellor, Information Technology

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Number	Total Expenditures
U.S. DEPARTMENT OF EDUCATION			
HIGHER EDUCATION ACT			
Title V Hispanic Serving Institutions - CCRAA STEM Pathways	84.031C		$ 1,638,658
Title V Hispanic Serving Institutions	84.031S		1,498,403
Child Care Access Means Parents in School (CCAMPIS)	84.335A		1,546
Total Higher Education Act			3,138,607
STUDENT FINANCIAL ASSISTANCE CLUSTER			
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007		636,887
Federal Direct Student Loans	84.268		6,388,294
Federal College Work Study (FWS)	84.033		458,455
Federal Pell Grant (PELL)	84.063		30,064,002
Student Financial Aid Administrative Costs	84.063		113,638
Academic Competitiveness Grant (ACG)	84.375		124,195
Total Student Financial Assistance Cluster			37,785,471
CAREER AND TECHNICAL EDUCATION ACT			
Passed through from California Community Colleges Chancellor's Office			
Perkins IV, Title I, Part C	84.048	10-C01-065	736,266
Perkins IV, Title IB Consortium Grant	84.051	10-342-006	148,912
Tech Prep	84.243	10-139-681-682	139,416
Total Career and Technical Education Act			1,024,594
VOCATIONAL REHABILITATION ACT CLUSTER			
Passed through from Department of Rehabilitation			
Workability III	84.126A	26813	183,116
ARRA/DOR - Rehabilitation Services	84.390A	27653A	12,854
Total Vocational Rehabilitation Act Cluster			195,970
AMERICAN RECOVERY AND REINVESTMENT ACT			
Passed through from California Community Colleges Chancellor's Office			
ARRA: State Fiscal Stabilization Fund	84.394	[1]	78,837
TOTAL U.S. DEPARTMENT OF EDUCATION			42,223,479

[1] Pass-Through Number not available.

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, *CONTINUED*
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Number	Total Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through from California Community Colleges Chancellor's Office			
Foster Kinship Care Education	93.658	[1]	$ 181,075
Passed through from California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	142,758
Passed through from the Foundation for California Community Colleges (FCCC)			
Child Development Careers Works (TANF-CDC program)	93.575	1012-30	95,180
Passed through from Yosemite Community College District			
Child Care and Development Grant	93.575	10-11-4089 / 10-11-3207 / 10-11-4149	19,430
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			438,443
U.S. DEPARTMENT OF COMMERCE			
Passed through from National Oceanic and Atmospheric Administration (NOAA)			
Educational Partnership Program - White Abalone Restoration	11.481	NA05OAR4811021	2,611
TOTAL U.S. DEPARTMENT OF COMMERCE			2,611
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through from Oxnard Housing Authority			
Teen Parent Program	14.870	4323-07-HO	5,000
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			5,000
U.S. DEPARTMENT OF LABOR			
WIA Cluster			
Passed through from Santa Barbara City College			
Governor's WIA A.D.N.	17.258	[1]	269,612
Passed through from California Community Colleges Chancellor's Office			
Allied Health Phase I	17.258	08-115-21	37,487
ARRA: Allied Health Phase II	17.258	09-127-17	202,283
TOTAL U.S. DEPARTMENT OF LABOR			509,382

[1] Pass-Through Number not available.

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, *CONTINUED*
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Number	Total Expenditures
NATIONAL SCIENCE FOUNDATION			
Passed through from the Regents of the University of California, Office of the President			
NSF Scholarship Grant	47.049	10-MESA-324218-44-47	$ 2,000
Passed through from Butler County Community College District			
NSF (ATE) Guitar Project	47.076	03-01-5-3410-857-00	5,429
TOTAL NATIONAL SCIENCE FOUNDATION			7,429
TOTAL FEDERAL PROGRAMS			$ 43,186,344

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

	Program Entitlements		
Program	Current Year	Prior Year	Total Entitlement
ADN Enroll. Growth 08-10 Yr 2	$ -	$ 54,204	$ 54,204
ADN Enroll. Growth 10-12 Yr 1	230,674	-	230,674
Alternate Text Production Center	1,000,000	-	1,000,000
Articulation 08-09 (aka SCO Articulation FY09)	-	202	202
Cal Grant B	1,418,129	28,306	1,446,435
Cal Grant C	23,543	432	23,975
CalWorks 10-11	488,921	-	488,921
CalWorks Region 6 Support	10,000	-	10,000
Cooperative Agency Resource Education (CARE) 10-11	226,319	-	226,319
Cooperative Agency Resource Education (CARE) 09-10	-	2,342	2,342
Credit Matriculation 10-11	882,358	-	882,358
Credit Matriculation 09-10	-	108,576	108,576
Disabled Students Programs and Services (DSPS) 10-11	1,727,636	-	1,727,636
Prior Year Categorical (DSPS)	-	52,911	52,911
Disabled Students Programs and Services (DSPS) 09-10	-	28,343	28,343
ESL/Basic Skills 08-09	-	193,441	193,441
ESL/Basic Skills 09-10	-	260,026	260,026
ESL/Basic Skills 10-11	270,000	-	270,000
Extended Opportunity Prog and Svc (EOPS) 10-11	1,391,460	-	1,391,460
Extended Opportunity Prog and Svc (EOPS) 09-10	-	11,144	11,144
EWD: RTF Cyber Security	425,000	-	425,000
EWD: Workplace Learning Res. Ctr.	205,000	-	205,000
Foster Kinship Care Education	181,496	-	181,496
FSS Mesa 10-11	50,500	-	50,500
IELM	-	547,344	547,344
Library Automation FY09	-	4,271	4,271
Restricted Lottery	355,612	449,221	804,833
SB70 CTE Community Collaborative Yr 2 (Phase II)	-	93,161	93,161
SB70 CTE Community Collaborative Yr 3 (Phase III)	-	295,096	295,096
SB70 CTE Community Collaborative Yr 4 (Phase IV)	400,000	-	400,000
Staff Diversity	10,894	-	10,894
Student Financial Aid Administration Allowance 09-10	-	179,147	179,147
Student Financial Aid Administration Allowance 10-11	1,044,196	-	1,044,196
Total	$ 10,341,738	$ 2,308,167	$ 12,649,905

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Deferred Revenue	Total Revenue	Program Expenditures
$ 18,429	$ 35,775	$ -	$ -	$ 54,204	$ 54,204
113,641	95,387	-	20,727	188,301	188,301
1,000,000	-	-	-	1,000,000	1,000,000
202	-	-	-	202	202
1,477,643	576	31,784	-	1,446,435	1,446,435
24,551	-	576	-	23,975	23,975
488,921	-	-	2,633	486,288	486,288
10,000	-	-	4,124	5,876	5,876
226,319	-	-	7	226,312	226,312
2,342	-	-	-	2,342	2,342
882,358	-	-	7,989	874,369	874,369
108,376	-	-	-	108,376	108,376
1,727,636	-	-	7,560	1,720,076	1,720,076
52,911	-	-	44,063	8,848	8,848
28,343	-	-	-	28,343	28,343
193,442	-	-	-	193,442	193,442
260,026	-	-	205,593	54,433	54,433
270,000	-	-	262,340	7,660	7,660
1,391,460	-	-	14,413	1,377,047	1,377,047
11,127	-	-	-	11,127	11,127
255,000	-	-	76,496	178,504	178,504
107,722	42,588	-	-	150,310	150,310
145,814	35,261	-	-	181,075	181,075
37,875	12,108	-	-	49,983	49,983
547,344	-	-	482,149	65,195	65,195
4,271	-	-	-	4,271	4,271
508,503	477,655	-	664,644	321,514	321,514
89,236	-	-	-	89,236	89,236
295,096	-	-	108,212	186,884	186,884
400,000	-	-	400,000	-	-
10,895	-	-	1	10,894	10,894
176,171	-	-	-	176,171	176,171
1,044,196	-	-	200,493	843,703	843,703
$ 11,909,850	$ 699,350	$ 32,360	$ 2,501,444	$ 10,075,396	$ 10,075,396

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
AS OF JUNE 30, 2011

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession			
1. Noncredit	1	-	1
2. Credit	2,444	-	2,444
B. Summer Intersession			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	19,851	-	19,851
(b) Daily Census Contact Hours	1,621	-	1,621
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	540	-	540
(b) Credit	497	-	497
3. Alternative Attendance Accounting Procedure			
(a) Weekly Census Contact Hours	1,645	-	1,645
(b) Daily Census Contact Hours	734	-	734
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	27,333	-	27,333
E. Basic Skills courses and Immigrant Education (FTES)			
1. Noncredit	-	-	-
2. Credit	1,022	-	1,022
	1,022	-	1,022

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH FUND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2011.

See accompanying note to supplementary information.

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS FOR THE YEAR ENDED JUNE 30, 2011

Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:		
Total Fund Balance:		
General Fund	$35,846,671	
Special Revenue Funds	474,217	
Capital Project Funds	108,986,483	
Debt Service Funds	14,154,949	
Enterprise Funds	5,658,959	
Internal Service Funds	1,861,622	
Fiduciary Funds	6,063,455	
Total Fund Balance - All District Funds		**$ 173,046,356**
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	600,988,666	
Accumulated depreciation is	(87,746,275)	
Less fixed assets already recorded in the enterprise funds	(60,797)	513,181,594
Amounts held in trust on behalf of others (Trust and Agency Funds)		(6,062,275)
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(6,143,251)
Long-term obligations at year-end consist of:		
Bonds payable	320,208,356	
Notes payable	682,376	
Capital leases payable	8,374	
Net OPEB obligation	742,041	
Load banking	1,019,838	
Compensated absences	2,994,820	
Less load banking already recorded in funds	(1,019,838)	
Less compensated absences already recorded in funds	(823,131)	(323,812,836)
Total Net Assets		**$ 350,209,588**

See accompanying note to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

This schedule provides information about the District's governing board members and administration members.

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Subrecipients

Of the Federal expenditures presented in the schedule, the District provided Federal awards to subrecipients as follows:

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Amount Provided to Subrecipients
Title V Hispanic Serving Institutions	84.031S	
California State University - Channel Islands		$ 20,145
University of California - Santa Barbara		20,640
Title V Hispanic Serving Institutions - CCRAA STEM Pathways	84.031C	
California State University - Channel Islands		405,629
University of California - Santa Barbara		51,605
		$ 498,019

Schedule of Expenditures of State Awards

The accompanying Schedule of Expenditures of State Awards includes the State grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The information in this schedule is presented to comply with reporting requirements of the California State Chancellor's Office.

Schedule of Workload Measures for State General Apportionment

Full-Time Equivalent Students (FTES) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2011

Reconciliation of Annual Financial and Budget Report (CCFS-311) With Fund Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the audited financial statements.

Reconciliation of Governmental Funds to the Statement of Net Assets

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to the entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

Reconciliation of Expenditures of Grant Activity With the District's Schedule of Expenditures of Federal Awards

The following is a list of the grants and the differences between the District's accounting records and the Schedule of Expenditures of Federal Awards:

Description	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Net Assets - Primary Government:	$ 43,193,698
Unrestricted Federal revenue (Veteran's and other misc) not included on SEFA	(7,354)
Total Schedule of Expenditures of Federal Awards	$ 43,186,344

INDEPENDENT AUDITORS' REPORTS

vtd
Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Ventura County Community College District
Ventura, California

We have audited the basic financial statements of Ventura County Community College District (the District) for the years ended June 30, 2011 and 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 6, 2011. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Ventura County Community College District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audits, we considered Ventura County Community College District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ventura County Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Ventura County Community College District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ventura County Community College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Ventura County Community College District in a separate letter dated December 6, 2011.

This report is intended solely for the information and use of the Board of Trustees, Audit Committee, District Management, the California Community Colleges Chancellor's Office, and the District's Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 6, 2011

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees
Ventura County Community College District
Ventura, California

Compliance

We have audited Ventura County Community College District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Ventura County Community College District's major Federal programs for the year ended June 30, 2011. Ventura County Community College District's major Federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Ventura County Community College District's management. Our responsibility is to express an opinion on Ventura County Community College District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Ventura County Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Ventura County Community College District's compliance with those requirements.

In our opinion, Ventura County Community College District complied, in all material respects, with the compliance requirements referred to above could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2011-1 through 2011-4.

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Internal Control Over Compliance

The management of Ventura County Community College District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Ventura County Community College District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ventura County Community College District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 2011-1 through 2011-4. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Ventura County Community College District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Ventura County Community College District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Board of Trustees, Audit Committee, District Management, the California Community Colleges Chancellor's Office, and the District's Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 6, 2011

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

REPORT ON STATE COMPLIANCE

Board of Trustees
Ventura County Community College District
Ventura, California

We have audited the basic financial statements of Ventura County Community College District (the District), as of and for the year ended June 30, 2011, and have issued our report thereon dated December 6, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Compliance with the requirements of laws, regulations, contracts, and grants listed below is the responsibility of Ventura County Community College District's management. In connection with the audit referred to above, we selected and tested transactions and records to determine the Ventura County Community College District's compliance with the State laws and regulations applicable to the following items:

Section 421	Salaries of Classroom Instructors: 50 Percent Law
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Concurrent Enrollment of K-12 Students in Community College Credit Courses
Section 431	Gann Limit Calculation
Section 432	Enrollment Fee
Section 433	CalWORKS – Use of State and Federal TANF Funding
Section 435	Open Enrollment
Section 437	Student Fee – Instructional Materials and Health Fees
Section 473	Economic and Workforce Development (EWD)
Section 474	Extended Opportunity Programs and Services (EOPS)
Section 475	Disabled Student Programs and Services (DSPS)
Section 477	Cooperative Agencies Resources for Education (CARE)
Section 478	Preference for Veterans and Qualified Spouses for Federally Funded Qualified Training Programs
Section 479	To Be Arranged (TBA) Hours

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The District reports no Instructional Service Agreements/Contracts for Apportionment Funding; therefore, the compliance tests within this section were not applicable.

Based on our audit, we found that for the items tested, the Ventura County Community College District complied with the State laws and regulations referred to above, except as described in the Schedule of State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs as items 2011-5 and 2011-7. Our audit does not provide a legal determination on Ventura County Community College District's compliance with the State laws and regulations referred to above.

Ventura County Community College District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Ventura County Community College District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information of the Board of Trustees, Audit Committee, District Management, the California Community Colleges Chancellor's Office, the California Department of Finance, and the California Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 6, 2011

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2011

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	Yes
Identification of major programs:	

CFDA Number(s)	Name of Federal Program or Cluster
84.007; 84.033; 84.063; 84.268; 84.375	Student Financial Assistance Cluster
84.048	Perkins IV, Title I, Part C
84.126A; 84.390A	Vocational Rehabilitation Act Cluster
17.258	WIA Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2011

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

The following findings represent significant deficiencies and/or instances of noncompliance including questioned costs that are required to be reported by OMB Circular A-133.

2011-1 Finding

Program Affected

84.007; 84.033; 84.063; 84.268; 84.375: Student Financial Assistance (SFA) Cluster Programs

Compliance Requirement

Special Tests - Direct Loans - Ventura College and Moorpark College

Criteria

Borrower Data Transmission and Reconciliation (Direct Loan): A-133 Compliance Supplement; Student Financial Aid Cluster

> Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) within 30 days of disbursement. Each month, the COD provides institutions with a School Account Statement (SAS) data file which consists of a Cash Summary, a Cash Detail, and Loan Detail Records. The institution is required to reconcile these files to the institution's financial records.

Condition

During our review of the requirements for the Borrower Data Transmission and Reconciliation process at Ventura College and Moorpark College, it was observed that both colleges were not reconciling the SAS data files to the financial records on a monthly basis.

Questioned Costs

No questioned costs.

Context

The condition was identified as a result of reviewing the District's compliance requirements for Direct Loans.

Effect

Without proper monitoring of Direct Loan disbursements, the District risks noncompliance with 34 CFR Sections 685.102(b), 685.301, and 303.

The District can potentially face future financial sanctions or penalties from the U.S. Department of Education if the District fails to take corrective actions to remedy the condition identified.

Cause

The District has not implemented policies and procedures to ensure that reconciliations of the SAS data files to the financial records are being performed on a monthly basis. This is the first fiscal year that the colleges have offered Direct Loans.

Recommendation

It is recommended that the District implement procedures to ensure that the School Account Statement data file and the Loan Detail Records per the COD are reconciled to the colleges' financial records.

District Response

The District concurs with the findings and recommendations. In fiscal year 2010-2011, due to having separate Financial Aid databases (Powerfaids) that were not fully integrated in the Banner administrative system, the implementation of a regulated and consistent Direct Loan reconciliation process was difficult. Moorpark College and Ventura College were able to process Direct Loan files either through Powerfaids or directly through Common Origination and Disbursement (COD), which would then eventually be annotated in the Banner Accounts Receivable (AR) system; this is no longer the case. Beginning with the 2011-2012 Financial Aid Year, all Direct Loan data entry, processing, and reconciliation will be initiated through the Banner Financial Aid module, which is integrated with the Banner AR module, thus providing consistency and seamless processing. Further, all Direct Loan processing and reconciliation processes have been centralized. The District has implemented the use of DL Tools (Department of Education DL Reconciliation Tool), as well as an administrative monthly process for the reconciliation of Direct Loans. School Account Statement (SAS) records are automatically generated by COD on a monthly basis and are uploaded into Banner and DL Tools. A reconciliation output from both Banner and DL Tools is then produced by each college, reviewed, and filed for future reference.

2011-2 Finding

Program Affected

84.007; 84.033; 84.063; 84.268; 84.375: Student Financial Assistance (SFA) Cluster Programs

Compliance Requirement

Special Tests - Direct Loans - Ventura College and Moorpark College

Criteria

A-133 Compliance Supplement: Student Financial Aid Cluster: For Pell and Direct Loan disbursements, the disbursement date and amount in the Common Origination and Disbursement files must agree to the disbursement date and amount in students' accounts or to the amount and date the funds were otherwise made available to students.

Condition

During our review of the requirements for disbursement to or on behalf of students processed at the District, it was observed that two of the colleges, Ventura College and Moorpark College, had disbursement dates and amounts reported in the Common Origination and Disbursement files that did not match their financial records.

Questioned Costs

For the condition noted, there is not an associated questioned cost as the compliance issues are related to time frames, not costs.

Context

The condition was identified as a result of reviewing the District's compliance requirements for disbursements to or on behalf of students.

Effect

The District is not in compliance with the Federal requirements described in A-133 Compliance Supplement.

The District can potentially face future financial sanctions or penalties from the U.S. Department of Education if the District fails to take corrective actions to remedy the condition identified.

Cause

The District has not implemented policies and procedures to ensure the compliance with Federal requirements regarding disbursement to or on behalf of students.

Recommendation

It is recommended that the District implement procedures to ensure that the disbursement date and amount match between the Common Origination and Disbursement files and the students' account records.

District Response

The District concurs with the findings and recommendations. As previously noted, processing Financial Aid disbursements in separate databases exacerbated this issue. Beginning with the 2011-2012 Financial Aid Year, the District has implemented the processing of Financial Aid disbursements through the Banner Financial Aid (FA) module, which is integrated with the Banner Accounts Receivable (AR) module. This allows disbursement dates and amounts within the FA Module to link directly to disbursement dates and amounts within the AR module – thus creating a seamless transition of funds from FA to AR. In regards to inconsistencies between Common Origination and Disbursement (COD) records and FA records, beginning with the 2011-2012 Financial Aid Year, the District has implemented a centralized disbursement and COD reporting process. This allows for more consistency between locally created disbursements and COD reported disbursements.

2011-3 Finding

Program Affected

84.007; 84.033; 84.063; 84.268; 84.375: Student Financial Assistance (SFA) Cluster Programs

Compliance Requirement

Special Tests - Ventura College and Oxnard College

Criteria

Return of Title IV Funds:

A-133 Compliance Supplement, 34 CFR Section 668.173(b) states:

> Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to the Department of Education or the appropriate lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew.

A-133 Compliance Supplement, 34 CFR Section 668.22(j) also states:

> An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the: (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew.

Condition

During our review of the requirements for Return to Title IV process at the District, instances were noted that Ventura College and Oxnard College did not provide the District with the necessary paperwork to complete the returns; therefore, the District's Business Office did not return their portion of funds within the time frame noted above as per Section 668.173(b). In addition, it was noted that Ventura College was reconciling their returns more than 30 days after the term has ended, which is not in accordance with Section 668.22(j) as noted above. As a result of these exceptions, the District is not in compliance with the above mentioned criteria.

Questioned Costs

For the condition noted, there is not an associated questioned cost as the compliance issues are related to time frames, not costs.

Context

The condition was identified as a result of reviewing the District's compliance requirements for Return to Title IV funds.

Effect

The District is not in compliance with the Federal requirements described in A-133 Compliance Supplement, 34 CFR Section 668.173(b) and 34 CFR Section 668.22(j).

The District can potentially face future financial sanctions or penalties from the U.S. Department of Education if the District fails to take corrective actions to remedy the condition identified.

Cause

The District has not implemented policies and procedures to ensure the compliance with Federal requirements regarding Return of Title IV funds.

Recommendation

It is recommended that the District implement procedures to ensure that the calculations for the Return of Title IV funds are completed accurately within 30 days from the end of the enrollment period. Additionally, procedures should also be implemented to ensure that the return of those funds occurs within 45 days from the date the District determines the student withdrew from all the classes.

District Response

The District concurs with the findings and recommendations. In the 2011-2012 Financial Aid Year, the Return to Title IV processes and reporting have been developed, integrated, and recently implemented. The District's integrated Return to Title IV process requires that each college identify students that completely withdraw, on a weekly basis. The colleges then identify and flag the student(s) within the Banner Financial Aid module. Every week, the college will then run a negative disbursement process which identifies and decreases the student disbursement based upon the Return to Title IV calculation. Once this/these negative disbursement(s) are made on the student's account, within three days, they are returned to Common Origination and Disbursement (COD) and G5, the Department of Education's payment system.

2011-4 Finding

Program Affected

Workforce Investment Act Cluster - Allied Health Phase I - CFDA #17.258

Compliance Requirement

Eligibility - Santa Paula site

Criteria

Workforce Investment Act Section 134(d)(2):

Funds shall be used to provide core services, which shall be available to individuals who are adults or dislocated workers through the one-stop delivery system and shall, at a minimum, include:

(A) Determinations of whether the individuals are eligible to receive assistance under this subtitle.

Workforce Investment Act Section 134(d)(3):

(A) In general.-- Funds allocated to a local area for adults shall be used to provide intensive services to adults and dislocated workers.

Workforce Investment Act Section 134(d)(4):

(A) In general.-- Funds allocated to a local area for adults shall be used to provide training services to adults.

(i) who have met the eligibility requirements for intensive services under paragraph (3)(A) and who are unable to obtain or retain employment through such services.

20 CFR 663.310:

Training services may be made available to employed and unemployed adults who have met the eligibility requirements for intensive services, have received at least one intensive service under 663.240, and have been determined to be unable to obtain or retain employment through such services.

Condition

Eligibility verification was not performed in a timely manner. Verification of the students' eligibility was performed after the students were enrolled in the training classes. Additionally, there was no documentation noted within the students' files to verify the students' identities and ages.

Questioned Costs

For the condition noted, there is not an associated questioned cost as the compliance issue relates to eligibility, not cost.

Context

The condition was identified as a result of reviewing the District's compliance requirements for eligibility for the Allied Health I Program.

Effect

Without proper monitoring of the eligibility requirement, the site risks noncompliance with the requirement for the Workforce Investment Act.

Cause

The Santa Paula site has not implemented policies and procedures to ensure the eligibility requirements were verified prior to the students' enrollment in the training classes. The site was not fully aware of the requirements until October 2010, two years after the program was put into place.

Recommendation

It is recommended that eligibility for all potential students be verified prior to the students enrolling in the training courses offered through the grant. Policies and procedures should be established and implemented to ensure the District is in compliance with Federal eligibility requirements.

District Response

The District concurs with the findings and recommendations. In the future, eligibility for all potential students will be verified prior to any students enrolling in training courses funded with Workforce Investment Act funds, and procedures will be established to ensure that the District is in compliance with Federal eligibility requirements.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

The following findings represent instances of noncompliance and/or questioned costs relating to State program laws and regulations.

Student Fees - Instructional Material Fees - Ventura College

2011-5 Finding

Criteria

Educational Code Section 76365 allows districts to require students to provide various types of instructional materials. Express statutory authority is required to charge any mandatory student fees. The District is permitted to charge a mandatory fee and sell the material to students who wish to buy the required materials from the District only under certain circumstances:

- The District may only charge instructional material fees for materials which are of a continuing value to the students outside of the classroom setting, is tangible personal property that is owned or primarily controlled by the student, and the material must not be solely or exclusively available from the District.
- Any instructional material fees that are optional in nature must be made clear to the students. Optional fees must clearly be described as optional in such a way that optional fees cannot be confused with required fees.

Condition

During our review of the requirements for instructional fees, it was observed that Ventura College could not provide supporting documentation to justify the instructional materials fee charged to the students for two courses, Managerial Accounting and Computer Maintenance Technology. Therefore, the District is not in compliance with the above mentioned criteria.

Questioned Costs

For the condition noted, there is not an associated questioned cost.

Context

The condition was identified as a direct result of testing the compliance requirements related to instructional fees noted within the 2010-2011 catalogs at Ventura College.

Cause

The above condition materialized due to the ineffective control activity currently implemented by the college to ensure compliance over this area.

Recommendation

It is recommended that the District implement proper procedures to monitor and ensure that for instructional material fees, there is proper documentation to justify the material fee charged to the students. Any fee that cannot be justified and properly documented should be eliminated.

District Response

The District concurs with the findings and recommendations. The District will implement proper procedures to monitor and ensure that for instructional material fees, there is proper documentation to justify the material fee charged to the students. For the Spring 2012 semester, any instructional material fee that could not be justified and properly documented was eliminated from the class schedule.

Cooperative Agencies Resources for Education (CARE) - Ventura College

2011-6 Finding

Criteria

To ensure that CARE funds are spent appropriately, the ***Care Program Guidelines*** was established with guidelines concerning general provisions and requirements of the program. One of those requirements is regarding the need for an advisory committee. The committee shall meet at least twice during each academic year.

Condition

During the current year, Ventura College did have a list of the advisory committee members; however, the listing was outdated as it indicated one employee that is no longer with the District. In addition, the advisory committee did not meet at any time during the academic year. As a result, Ventura College is not in compliance with the requirements of the program as noted above.

Questioned Costs

There were no questioned costs associated with this particular State compliance finding.

Context

The condition was identified as a direct result of testing the compliance requirements related to the ***Care Program Guidelines***.

Cause

The above condition materialized due to the ineffective control activity currently implemented by the college to ensure compliance over this area.

Recommendation

The CARE coordinators must familiarize themselves with the requirements of the program to ensure that the college is in compliance with all requirements.

District Response

The District concurs with the findings and recommendations. The District will ensure that the advisory committee will meet at least twice in fiscal year 2011-2012, and will ensure that the CARE coordinator adheres to all program requirements to attain compliance.

To Be Arranged Hours (TBA)

2011-7 Finding

Criteria

- Second To Be Arranged (TBA) Hours Follow-Up Memorandum, June 10, 2009
- TBA Hours Follow-Up Memorandum, January 26, 2009
- TBA Hours Compliance Advice (Legal Advisory 08-02), October 1, 2008
- *Education Code* Sections 84040 and 88240
- CCR, Title 5, Sections referred to are 55002, 55002.5, 53415, 58000, 58003.1, 58006, 58020, 58030, 58050, 58051, 58056, 58102, 5804, 58108, 58168, 58170, 58172, 59020, and 59112
- Student Attendance Accounting Manual http://www.cccco.edu/ChancellorsOffice/Divisions/FinanceFacilities/FiscalServices/AllocationsSection/StudentAttendanceAccountingManual/tabid/833/Default.aspx
- Districts are required to list TBA Hours in the schedule of classes and describe them in the course outline.
- Districts need to track TBA Hour student participation carefully and make sure that they do not claim apportionment for TBA Hours for students who have documented zero hours as of census point for a particular course.

Condition

During testing of State compliance regarding TBA Hours, three conditions were noted as follows:

- TBA Hours are required to take attendance on each class session in order to claim apportionment. In each class section coded as TBA class, the District could not provide supporting documentation (attendance rosters) to justify the TBA Hours associated with several courses tested.
- Some of the courses tested, that were coded by the District as TBA classes, failed to provide supporting documentation of the course outline that described the TBA Hours.
- A clear description of the course, including the number of TBA Hours required, needs to be published in the official catalog and in the official schedule of classes. Some courses tested failed to list TBA Hours in the schedule of classes.

Questioned Costs

The District is over capped on FTES for the current year being audited. However, because of the errors noted in the testing of this program, the District should remove the FTES associated with all TBA Hour courses and revise their 320 report.

Recommendation

It is recommended that proper procedures be implemented to closely monitor courses with TBA Hours to ensure that the schedule of classes list the TBA Hours and that the course outline describes them. Procedures should also be implemented to verify that the District tracks and codes TBA Hour student participation carefully and make sure that they do not claim apportionment for TBA Hours for students who have documented zero hours as of census point for a particular course or for classes in which the teachers neglect to keep the attendance rosters. It is also recommended that the course outlines and student participation records be kept for the required retention period and be available for review if required.

District Response

The District concurs with the findings and recommendations and will develop and implement procedures to ensure that the schedule of classes list the TBA Hours, that the course outline describes them, that courses are coded correctly, and that attendance rosters are maintained for TBA classes. In addition, the District has reviewed all fiscal year 2010-2011 TBA classes, has removed all FTES that did not meet the audit standard, and has submitted a revised 320 report to the State.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of audit findings and questioned costs.

FEDERAL AWARD FINDINGS

2010-1 Finding

Program Affected

Vocational Rehabilitation Act Cluster, pass-through from the State of California, Department of Rehabilitation - CFDA #84.126A

Compliance Requirement

Eligibility.

Criteria

34 CFR Section 361.45, Development of the Individualized Plan for Employment (IPE):

General requirements - The State plan must assure that -

(1) An individualized plan for employment (IPE) meeting the requirements of this section and Sec. 361.46 is developed and implemented in a timely manner for each individual determined to be eligible for vocational rehabilitation services or, if the designated State unit is operating under an order of selection in accordance with Sec. 361.36, for each eligible individual to whom the State unit is able to provide services; and

(2) Services will be provided in accordance with the provisions of the IPE.

34 CFR Section 361.47, Record of Services

(a) The designated State unit must maintain for each applicant and eligible individual a record of services that includes, to the extent pertinent, the following documentation:

(1) If an applicant has been determined to be an eligible individual, documentation supporting that determination in accordance with the requirements under Sec. 361.42.

(2) If an applicant or eligible individual receiving services under an IPE has been determined to be ineligible, documentation supporting that determination in accordance with the requirements under Sec. 361.43.

Agreement Number: 26813, State of California, Department of Rehabilitation (DOR), Exhibit A, Scope of Work requires that copies of the IPE and other case documentation necessary for the implementation of the services are properly maintained.

Condition

Three (3) case files did not have IPE documentation in the file and exceeded 90 days from the time the intake/referral was made. Subsequent to our audit of the case files, each IPE was obtained and filed. We expanded our sample size and noted one (1) case file did not have IPE documentation in the file and exceeded 90 days from the time the intake/referral was made.

Questioned Costs

For the condition noted, there is not an associated questioned cost as the compliance issues is related to time frames, not costs.

Context

The condition was identified as a result of reviewing the District's compliance requirements for IPEs.

Effect

The District is not in compliance with CFR Section 361.47, Record of Service and Contract Agreement with the State of California Rehabilitations Service.

Cause

The District has not implemented policies and procedures to ensure the individual plan for employment is completed in a timely manner.

Recommendation

It is recommended that all case files be reviewed to ensure an IPE is completed within 90 days of intake to ensure Oxnard College is providing services in accordance with the provisions of the IPE. Oxnard College should increase communication with DOR to ensure that all IPEs are completed and all proper documentation is maintained in accordance with CFR Section 361.47 Record of Services and Contract Agreement with the State of California Rehabilitations Services.

Current Status

Implemented.

2010-2 Finding

Program Affected

84.007; 84.032; 84.033; 84.063; 84.375: Student Financial Assistance (SFA) Cluster Programs

Compliance Requirement

Special tests.

Criteria

Return of Title IV Funds:

A-133 Compliance Supplement, 34 CFR Section 668.173(b) states:

> Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to the Department of Education or the appropriate lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew.

A-133 Compliance Supplement, 34 CFR Section 668.22(j) also states:

> An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the: (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew.

Condition

During our review of the requirements for Return to Title IV process at the District, instances were noted at all three campuses in which the District's Business Office did not return their portion of funds within the time frame noted above as per Section 668.173(b). In addition, it was noted that Moorpark College and Ventura College were reconciling their returns more than 30 days after the term has ended, which is not in accordance with Section 668.22(j) as noted above. As a result of these exceptions, the District is not in compliance with the above mentioned criteria.

Questioned Costs

For the condition noted, there is not an associated questioned cost as the compliance issues is related to time frames, not costs.

Context

The condition was identified as a result of reviewing the District's compliance requirements for Return to Title IV funds.

Effect

The District is not in compliance with the Federal requirements described in A-133 Compliance Supplement, 34 CFR Section 668.173(b) and 34 CFR Section 668.22(j).

The District can potentially face future financial sanctions or penalties from the U.S. Department of Education if the District fails to take corrective actions to remedy the condition identified.

Cause

The District has not implemented policies and procedures to ensure the compliance with Federal requirements regarding Return of Title IV funds.

Recommendation

It is recommended that the District implement procedures to ensure that the calculations for the Return of Title IV funds are completed accurately within 30 days from the end of the enrollment period. Additionally, procedures should also be implemented to ensure that the return of those funds occurs within 45 days from the date the District determines the student withdrew from all the classes.

Current Status

Not implemented. See current year finding 2011-3.

STATE AWARD FINDINGS

Student Fees - Instructional Material Fees - Moorpark College

2010-3 Finding

Criteria

Educational Code Section 76365 allows districts to require students to provide various types of instructional materials. Express statutory authority is required to charge any mandatory student fees. The District is permitted to charge a mandatory fee and sell the material to students who wish to buy the required materials from the District only under certain circumstances:

- The District is the only source of the materials or there is a health or safety reason for requiring students to purchase the material from the District.
- If the District can demonstrate that it supplies the materials cheaper than elsewhere and at the District's actual cost.

Condition

During our review of the requirements for instructional fees, it was observed that Moorpark College has procedures in place for the monitoring the majority of their material fees. However, we noted five classes which could not show that they supply the instructional materials cheaper than elsewhere and at the District's actual costs. Therefore, the District is not in compliance with the above mentioned criteria.

Questioned Costs

For the condition noted, there is not an associated questioned cost.

Context

The condition was identified as a direct result of testing the compliance requirements related to instructional fees noted within the 2009-2010 catalogs at Moorpark College.

Effect

The auditor was unable to identify any fiscal impact related to the condition identified. However, the District is not in compliance in regards to the *Contracted District Audit Manual* provided by the California Community Colleges Chancellor's Office.

Cause

The above condition materialized due to the ineffective control activity currently implemented by the College to ensure compliance over this area.

Recommendation

It is recommended that the District implement procedures to ensure that Moorpark College demonstrates that they supply instructional materials for all classes cheaper than elsewhere and that the cost is what the District actual paid for the supplies.

Current Status

Not implemented. See current year finding 2011-5.